

BIKANER COMMODITY EXCHANGE LIMITED

CIRCULAR

Dated: 20th Dec.2004

Attention of the clearing / trading members (the members) is invited to Chapter 2 of the byelaws and regulations 212 of the BIKANER COMMODITY EXCHANGE LIMITED, BIKANER regarding Member – Non member client agreement. It is reiterated that the members should enter into an agreement with each of their Non-member clients before accepting or placing orders on behalf of such Non-member client. However the member’s responsibility shall not in any way is reduced due to non-execution of agreement with the Non –member clients .The Member –Non member client is enclosed as annexure –I

As per regulation 212, while establishing a relationship with a new Non-member Client, the members must take reasonable steps to assess the background, genuineness, beneficial, identity, financial soundness of such person, and his trading objectives by issuing the new Non-member Client a Non-member Client Registration Form – a model of which is specified in Annexure –II .The member shall also obtain from all such Non-member Clients, other than individual non-member client a duly certified copy of the approval permitting trading in derivatives. This would help the members for identification purposes in the event of any fraud / offence committed by the Non-member Client in dealings with the member.

Pursuant to regulation 212, the member shall make the Non-member Client aware of trading system to which the member is admitted, employee primarily responsible for the Non-member Client affairs, the precise nature of the member’s liability for business to be conducted, the risk associated with business in derivatives trading including any limitations on that liability and the capacity in which the member acts and the Non-member Client’ s liability thereon by issuing to the Non-member Client a copy of the model Risk Disclosure Document as specified in Annexure –III . The member shall furnish a copy of the Risk Disclosure Document to all his clients.

It would be the member’s responsibility to provide for their clients details as and when need arise.

1. all the existing Non-member Client latest by 1st Jan. 2005 and
2. new Non-member Client (for the month ended) with in succeeding fortnight.

Name	Code (Client Id)	Agreement On Dated	Registration Form Filed on	Address	Contact No.	PAN NO.	Status (Ind/Partner/Firm/Corporate)

This circular comes into effect from dated 1st Jan.2005.

FOR BIKANER COMMODITY EXCHANGE LIMITED

(Suman Kumar Khatri)
Executive Director

EXCHANGE MEMBER - NON MEMBER CLIENT AGREEMENT

This agreement is made at _____ this _____ day of _____ 20____ by and between _____, a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called EXCHANGE MEMBER, having its registered office address at _____, and Mr./Ms./M/s. _____, a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called NON MEMBER CLIENT, having its registered office address at _____.

WITNESSTH:

Whereas the member is registered as EXCHANGE MEMBER of BIKANER COMMODITY EXCHANGE LIMITED, Bikaner (hereinafter called 'BCEL').

Whereas the NON MEMBER CLIENT is desirous of trading in those contracts admitted for dealing on the BCEL as defined in the Bye – Laws, Rules and Regulations of BCEL.

Whereas the NON MEMBER CLIENT has satisfied itself of the capability of the EXCHANGE MEMBER to deal in those contracts admitted for dealing on the BCEL and wishes to execute his orders through him and the NON MEMBER CLIENT shall continue to satisfy him of such capability of the EXCHANGE MEMBER before executing any orders through him.

Whereas the EXCHANGE MEMBER has satisfied and shall continuously satisfy himself about the genuineness and financial soundness of the NON MEMBER CLIENT and trading objectives relevant to the services to be provided.

Whereas the EXCHANGE MEMBER has taken steps and shall take steps to make the NON MEMBER CLIENT aware of the precise nature of the EXCHANGE MEMBER liability for business to be conducted, including any limitations on that liability and the capacity in which it acts.

In consideration of your handling derivatives transactions carried out on the BCEL, I agree that

- (1) I have read the Risk Disclosure Document appended hereto and understand the trading & risks involved in the trading these instruments and am fully responsible for my dealings in these instruments.
- (2) I shall be bound by the Byelaws, Rules, Regulations, and Customs of the Bikaner Commodity Exchange Limited, Bikaner and the Clearing House of the Exchange.
- (3) I shall deposit with you monies, Warehouse Receipts or other property, which may be required to open and/or maintain my account.
- (4) I shall not, acting alone or in concert with others, directly or indirectly hold and control excess number of permitted futures contracts as fixed from time to time by the Exchange.
- (5) I shall not exercise a long or short position where, acting alone or in concert with others, directly or indirectly I will have exercised in excess of the number of permitted futures contracts as may be fixed from time to time by the Exchange.
- (6) All monies, Warehouse Receipts or other property which you may hold on my account shall be held subject to a general lien for the discharge of my obligations to you under this agreement.
- (7) I hereby authorize you at your discretion, should you deem it necessary for your protection to buy, sell or close out any part or all of the derivative contracts held in my account with you. I will reimburse any or all such incidental expenses incurred by you.

Now, THEREFORE, in consideration of the mutual understanding as set forth in this agreement, the parties thereto have agreed to the terms and conditions, as follows:

1. The agreement entered into between the EXCHANGE MEMBER and the NON MEMBER CLIENT shall stand terminated by mutual consent of the parties by giving at least one-month notice to each other. Such termination shall not have any effect on the transactions executed before the date of notice of termination and the parties shall enjoy same rights and shall have same obligations in respect of such transactions.
2. In the event of the death or insolvency of the NON MEMBER CLIENT or his otherwise becoming incapable of receiving and paying for or delivering or transferring Commodities which the NON MEMBER CLIENT has ordered to be bought or sold, the EXCHANGE MEMBER may with the approval of the Exchange, close out the transaction of the NON MEMBER CLIENT and the NON MEMBER CLIENT or his legal representative shall be liable for any losses, costs and be entitled to any surplus which may result there from.
3. All trades, transactions and contracts are subject to the Rules, Bye Laws and Regulations of the Exchange and shall be deemed to be and shall take effect as wholly made, entered into and to be performed in the city of BIKANER for the purpose of giving effect to the provisions of the Rules, Bye - Laws and Regulations of the Exchange.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

SIGNED for and on behalf of
THE Trading member/ Trading-Cum- Clearing member: _____

By : _____

Signature : _____

Title : _____

Witness : _____

SIGNED for and on behalf of
THE Non Member Client : _____

By : _____

Signature : _____

Title : _____

Witness : _____

To

Name of Member.....

BCEL Registration No.....

Address of Member.....

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Dear Sir,

We request you to register us as your Client and in this regard the following Information is furnished:

Name of the Company/ Firm	
Registered office Details	
Address	
City	
State	
Pin Code	
Telephone No.	
Fax No.	
E-mail Address	
Correspondence office Address	
Address	
City	
State	
Pin Code	
Telephone No.	
Fax No.	
E-mail Address	
Date of Incorporation	DD/ MM/YYYY
Date of Commencement of Business	
Details of Promoters/ Partners/ Key Managerial Personnel of the Company/ Firm	As per Annexure E (1)
Copy of the Annual Report of last 3 years	
Net Worth (Certified) as on DD-MM-YYYY (Excluding	

2. Original documents may be verified at the time of filling of application.
3. The information given above would be confidential however, if the information is required by any government agency, it may be given to them.

Checklist of Enclosures of Corporate Clients:

Details of the Corporate Entity:

1. Copy of Memorandum and Articles of Association/ Partnership Deed.
2. Resolution of Board Authorizing the Company Official (s) to deal with the Member/ Authorization from Partners to deal with Member as per attached format on the Letter Head of Company/ Firm.
3. Copies of Annual Reports of last three years.
4. Net Worth Certificate by a Chartered Accountant.
5. Letter form the Banker, Certifying the Account Number and the Period from which this Account is in operation.
6. Copy of Income Tax returns.
7. Photocopy of Sale Tax Registration Certificate.

Personal Details of Promoters/ Directors:

- 1 Copy of Income Tax returns.
- 2 Salary Certificate.
- 3 Proof of Residence (Copy of Passport/ Ration Card/ Driving License/ Voters Identity Card)

Note: -

- 1 Format of Board Resolution (only for Corporate) to be typed on Company letter head & duly Certifies to be true:

Resolved that a Trading Account of the Company be opened with (*name of member*) Derivatives Pvt. Ltd. And Mr. / Mrs. _____director/partners and Mr./Mrs. _____authorized signatories are hereby singly/ Jointly authorize to complete all registration formalities, sign consolidated member-client Agreement & Risk Disclosure Document, place and / or cancel and / or confirm orders and / or trades for commodity & derivative market, deliver and / or receive payments / securities/ collateral etc, and do all other acts as may be necessary for operation of the account a copy of this resolution be delivered to (*name of member*)

Annexure –E (1)

Details of Promoters/ Partners/ Key Managerial Personnel of the Company/ Firm

Name	1st Signature	2nd Signature	3rd Signature
Residential address with Pin code			
Telephone No.			
Designation			
Qualification			
Experience			
Furnish at least any one (PAN/GIR NO)			
Passport No Voter ID No. Driving License No. Rashan Card No.			
Equity Stake (%)			
Name of the Bank			
SAVING/ CURRENT Account No.			
Address of the Bank With Pin Code			
Photograph of the Signatory			
Signature			
Residential Status (Resident Indian/ Non-resident Indian/ others)			

Note:-

- In case of more than three Authorized Signatories please type the format provided above in a fresh sheet and enclose it with form.

PLEASE READ THE FOLLOWING INSTRUCTIONS

Instruction for filling up and completing the account – opening document:

1. Please ensure that the form is properly filled up, attached with copies of the required document and complete in all respects.
2. Pin code is compulsory in the address details.
3. Please put full signature at the bottom of each page and other places marked for this purpose.
4. Original document will be required for verification at the time of submission of the form.
5. Please fill all information in **Capital Letter**.
6. Please affix (Not Staple) a passport Size Photograph on the space provided. Also, provide Separate photographs for each Holder/ Partner/ Key Management Personnel.

Document Checklist

Individual

- 1 Passport Size Photograph.
- 2 Photo copy of PAN and if PAN is not available, than Copy of form 49 A of IT Return.
- 3 Identity Proof- Photocopy of any one of the following:
 - Passport
 - Voter ID
 - Driving License
 - Rashan Card with frequently used Bank Account and Depository Account in name of the Constituent
- 4 Address Proof- Photocopy of any one of Driving License/ Passport/ Ration Card/ Voter Card/ Telephone Bill/ Electricity Bill/ Bank Statement.
- 5 Photocopy of sales tax Registration Certificates.

Minor

- 1 All documents and annexure as required for “ Individual”
- 2 Birth Certificate or minor

Proprietorship firm

- 1 All documents and Annexure as required for “ Individual”
- 2 Affix rubber stamps at all place
- 3 Copy of PAN of the firm.

Partnership firm

- 1 Certified true copy of the Partnership deed.
- 2 Copy of PAN/ Passport/ Election ID/ Driving License of the dominant partner/ Authorized official.
- 3 A Passport Size Photograph of the Partner (s).
- 4 Proof of the Demat Account of the firm.
- 5 Proof of Bank Account and Photocopy of Cheque of the firm.
- 6 Copy of last income returns filed.
- 7 Authority letter by all the Partner in favour of Managing Partners.
- 8 Affix rubber stamps at appropriate place.
- 9 Photocopy of sales tax Registration Certificates.

For Corporate Client (Please refer to Page No. 6)

HUF

- 1 A Passport Size Photograph of the Karta.
- 2 PAN Card of Karta as well as HUF.
- 3 Proofs of Bank Account and Photocopy of Cheque.
- 4 Proof of the Demat Account of the Karta.
- 5 Identity Proof of Karta as required by point No. 5 of Individual

RISK DISCLOSURE DOCUMENT

[THIS DOCUMENT SHOULD BE READ BY EACH AND EVERY PROSPECTIVE NON MEMBER CLIENT BEFORE ENTERING INTO DERIVATIVES TRADING AND SHOULD BE READ IN CONJUNCTION WITH THE REGULATIONS OF BIKANER COMMODITY EXCHANGE LIMITED, BIKANER (BCEL)]

BCEL has not passed the merits of participating on the Exchange nor has **BCEL** passed the adequacy or accuracy of this disclosure document. This brief statement does not disclose all of the risks and other significant aspects of trading. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Risk of loss in trading in derivatives can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Derivatives' trading thus requires not only the necessary financial resources but also the financial and emotional temperament. In case of any consequences or loss in trading on the Exchange, the Non Member Client shall be solely responsible for such loss and the Exchange or Forward Markets Commission shall not be responsible for the same and it will not be open for any Non Member Client to take the plea that no adequate disclosure was made or he was not explained the full risk involved by the member. The Non member Client will be solely responsible for the consequences and no contract can be rescinded on that account.

RISKS INVOLVED IN TRADING IN DERIVATIVES CONTRACTS

Effect of "Leverage" or "Gearing"

The amount of margin is small relative to the value of the derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives trading and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin equivalent to the principal investment amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

A. Futures trading involves daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index. If the index has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, generally before commencement of trading next day.

B. If you fail to deposit the additional margin by the deadline or if an outstanding debt occurs in your account, the Exchange member may liquidate a part of or the whole position or substitute commodities. In this case, you will be liable for any losses incurred due to such Close Outs.

C. Under certain market conditions, a Non Member Client may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

E. You must ask your Exchange Member to provide the full details of the derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

Risk-reducing orders or strategies

The placing of certain orders (e.g., "stop-loss" orders, or "stop-limit" orders), which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" positions, may be as risky as taking simple "long" or "short" positions.

Suspension or restriction of trading and pricing relationships

Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contact month because of price limits or "circuit breakers") may increase the risk of loss due to inability to liquidate/offset positions.

Deposited cash and property

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Exchange member, the same shall be subject to arbitration as per the Bye Laws and Regulations of the Exchange.

Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees, margins and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Trading facilities

In future when the Exchange will be offers electronic trading facilities, which are computer-based systems for order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, and the Clearing House and/or Exchange Member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

This document does not disclose all of the risks and other significant aspects involved in trading on a derivatives market. The Non Member Client should therefore study derivatives trading carefully before becoming involved in it.

I hereby acknowledge that I have received and understood this risk disclosure statement.

Customer Signature (If Partner, Corporate, or other Signatory, then attest with company seal.)

Date: _____(DD / MM / YYYY)